

21 October 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Mr. Roger Jones, Assistant Director,
Bureau of the Budget, re Agency Retirement Legislation

1. Today I called Mr. Jones to inform him of our interest in expediting Bureau of the Budget approval of our proposed Agency legislation designed to match the retirement benefits provided in the Daniels/McGee bill signed yesterday by the President.

2. Mr. Jones said that he had been about to call me to ask for at least "ball park" figures on how much our proposed legislation would cost the Agency "in budgetary terms" for FY 1970 and FY 1971.

3. After consulting with Mr. Lester Bush, Director of Finance, I called Mr. Jones and said that the figures in which he was interested were

4. In our ensuing conversation Mr. Jones asked about the impact of these increases on the CIA retirement fund. He was told that our actuarial study was just being completed and we hadn't yet identified our normal costs but could say they were apparently more than Civil Service and less than Foreign Service. In response to his question, Mr. Jones was assured that we would not need an appropriation to supplement our retirement fund in order to meet the additional costs for FY 1970 and FY 1971 resulting from our proposed legislation. He was further advised that out-go was not expected to exceed income until approximately 1980.

5. Mr. Jones seemed reassured to find that the amounts involved were small and that the financing of our proposals would not create any immediate problems.

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JOHN M. MAURY
Legislative Counsel

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20 MAY 1969

MEMORANDUM FOR: Legislative Counsel

SUBJECT : CIA Retirement Act - Legislation

REFERENCE : Memorandum for Executive Director-Comptroller from Legislative Counsel dated 16 April 1969, Same Subject

1. We have reviewed the material attached to reference for the purpose of considering the effect of the suggested proposed amendments to the CIA Retirement Act on the solvency of the Fund from which annuity payments are made.

2. It is our impression that each of the proposed amendments if enacted would be expected to provide authority for increased annuity benefits as well as increases in the compulsory contribution by the employee and the matching contribution by the Agency. Beyond that it is not clear whether it is also contemplated that the proposed amendments would result in statutory authority parallel to those provisions of the Daniel's Bill which are targeted toward the gradual elimination of unfunded liability. Specifically we have reference to the provisions which: (a) give an automatic appropriation authorization in annual installments over a thirty year period to finance unfunded liability for future new or liberalized benefits including those based on increases in pay, and (b) give the Secretary of the Treasury statutory authority for crediting the Civil Service Commission Fund annually (from money in the Treasury not otherwise appropriated) with amounts equivalent to interest on the present unfunded liability in increasing annual proportions until a 100% level is reached in 1980 and then 100% for each fiscal year thereafter.



Subject: CIA Retirement Act - Legislation

3. As you are aware the appropriation provision of the CIA Retirement and Disability System Act simply provides that the Director shall prepare estimates of annual appropriations required to be made to the Fund. There is no specificity as to whether the criterion for such appropriation request is simply to assure liquidity of the Fund for the budget year or at the other extreme whether the appropriation request should completely fund any existing unfunded liability.

4. We recognize that in the short run either of the proposed amendments if enacted should satisfy the immediate objective of preserving the margin of advantage of CIARDS annuitants over CSC annuitants. We believe there also should be general agreement on an Agency posture concerning the unfunded liability question and on a course of action with respect to it. Suggested courses of action in order of preference as we view them are summarized as follows:

(a) Submit annual appropriation requests on current basis in amounts designed to result in gradual reduction of unfunded liability, using CSC guidelines.

The question to be resolved if this course of action is determined appropriate is whether DCI initiated adjustments of the CIA Act on the basis of his proposed new authority would specifically embrace such appropriation authority or whether such appropriation requests would be justified without reference to specific statutory authority, using the CSC authority as a precedent.

(b) Defer submission of appropriation requests until nearer to time of funding crisis, assuming that accumulating precedents together with a showing of a demonstrated need for additional funds would then support whatever action should then be determined necessary to obtain such funds.

We shall be glad to discuss the foregoing with you in greater detail should you so desire.

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Director of Finance